



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



JENNIFER M. GRANHOLM  
GOVERNOR

MICHAEL P. FLANAGAN  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

January 29, 2009

TO: Local and Intermediate School Superintendents, and Public School Academy Directors

FROM: Carol Wolenberg, Deputy Superintendent *CW*

SUBJECT: State School Aid Act – Sections 31d, 31a(5), and 31f – Implications for the Non-profit School Food Service Account

Public school districts and other eligible entities receive state school aid funds as reimbursement for the costs associated with the operation of the National School Lunch Program and the School Breakfast Program. These payments are to be recorded in the food service fund.

**31d Reimbursement to districts providing school lunch programs.**

Section 31d of the State School Aid Act, MCL 388.1631d, pertains to funds appropriated to school districts and other eligible entities under this section. K-12 public school districts are reimbursed for 6.0127% of the necessary costs of operating the state mandated school lunch program. The current year payments are estimates and paid in eleven (11) equal installments. These funds must be properly allocated to the food service account. After determining the actual total amount of the payment in the spring of the following year, a positive or negative adjustment is made to Section 31d and listed on the State Aid Financial Status Report under Prior Year Adjustments.

Intermediate school districts and public school academies are not mandated under Section 1272a of the Revised School Code, MCL 380.1272a, to operate a school lunch program. Payments made under section 31d are limited to an amount not to exceed \$10.00 per eligible pupil plus up to 5 cents for every free lunch and up to 2 cents for every reduced price lunch, if costs can be justified. These funds are paid annually and are on the State Aid Financial Status Report under Prior Year Adjustments. These funds must be properly allocated to the food service account.

**31a(5)**

Section 31a(5) of the State School Aid Act, MCL 388.1631a(5), pertains to funds appropriated to eligible school districts and eligible public school academies that operate a school breakfast program under Section 1272a of the Revised School Code. An amount, not to exceed \$10.00 per eligible pupil, must be used to pay for costs necessary to operate the school breakfast program. The amount of the funds

**STATE BOARD OF EDUCATION**

KATHLEEN N. STRAUS – PRESIDENT • JOHN C. AUSTIN – VICE PRESIDENT  
CAROLYN L. CURTIN – SECRETARY • MARIANNE YARED MCGUIRE – TREASURER  
NANCY DANHOF – NASBE DELEGATE • ELIZABETH W. BAUER  
REGINALD M. TURNER • CASANDRA E. ULBRICH

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909  
www.michigan.gov/mde • (517) 373-3324

earmarked for school food service from Section 31a(5) is determined by multiplying \$10.00 by the adjusted free eligible count found in column H of the October Free Eligible Count Application submitted on the Michigan Electronic Grant System (MEGS). This amount must be properly allocated to the food service account.

**31f Breakfast program costs; reimbursement payments.**

Section 31f of the State School Aid Act, MCL 388-1631f, pertains to funds appropriated to eligible school districts, intermediate school districts, and public school academies as reimbursement for the cost of providing breakfast. Payment under this section is at a per meal rate equal to the lesser of the district's actual cost or 100% of an efficiently run breakfast program, as determined and approved by the department, less federal reimbursement, participant payments, and other state reimbursement (see 31a(5) above). These funds are paid annually and must be properly allocated to the food service account.

Funds from Sections 31d, 31a(5), and 31f must be used for the general operation and improvement of the school lunch and school breakfast programs. According to federal United States Department of Agriculture regulation 7 CFR 210.14 (a), revenues received by the non-profit food service fund are to be used only for the operation or improvement of such food service. Allowable expenses could include food, salaries, the purchase of new food service equipment (see attached list), serving area signage, redesign/renovation of kitchen and serving areas, point of service software and hardware, and other technological advances for these programs.

Funds received under Sections 31d, 31a(5), and 31f should be recorded as State Restricted Revenue in the School Food Service Fund (Fund 25, Major Class 312 – Restricted State, and Suffix 0110 – School Food).

If you have questions regarding these funds, please contact Dawn Lake at [laked@michigan.gov](mailto:laked@michigan.gov) or 517-373-9785.

cc: Jon Tomlanovich, MAISA  
Dave Martell, MSBO  
School Food Service Directors

Attachment

## NONEXPENDABLE FOOD SERVICE EQUIPMENT ITEMS

Food Preparation Equipment

Kettles  
Ranges  
Steamers  
Ovens  
Tilting Braising Pans

Mixers  
Cutters and Choppers  
Slicers  
Proof Cabinets  
Deep Fat Fryers

Refrigeration and Storage Equipment

Refrigerators  
Freezers  
Shelving

Scales  
Hot and Cold Holding  
Cabinets

Dishwashers, Sinks and Related Equipment

Dishwashers  
Dishtables  
Garbage Disposals  
Compactors

Sanitizing Equipment  
Booster Heaters  
Sinks

Serving and Dining Equipment

Steam Tables  
Serving Counters  
Milk Coolers

Milk Dispensers  
Standard Dining Tables  
with Chairs  
Mobile Folding Tables  
with Chairs or Benches

Transport Equipment

Cabinets (hot and cold foods)  
Carriers (hot and cold foods)

Special Purpose Vehicle  
(to the extent that it  
is used for transport-  
ing food)

Mobile Equipment

Carts  
Dollies

Racks

FNS(CN) INSTRUCTION 796-1

Rev. 2

EXHIBIT F

Miscellaneous

Work Tables  
Bakers' Tables  
Cash Registers  
Milk Shake Machines

Steam Generators  
Exhaust Ventilators  
Electronic Ticket  
Tabulators